

# *Effective Grant Management*

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*2008 Smaller Learning Communities  
Project Directors Meeting*

*August 14, 2008*

# Overview



- ⌘ Sources of rules and requirements.
- ⌘ Obligating grant funds.
- ⌘ Liquidating grant funds.
- ⌘ Carrying over funds.
- ⌘ Allowable costs.
- ⌘ Budget transfers.
- ⌘ Changing project directors.
- ⌘ Recordkeeping.
- ⌘ Contracting with grant funds.

## *Let's start with communication..*



⌘ Your chief contact at ED is your program officer.

☑ Please use your grant award number in your communications with us.

⌘ Our point of contact is the project director you identified in your approved application.

☑ The project director is the only individual who has authority to represent you on issues related to your grant.

# *Where do all of these rules come from, anyway?*



## ⌘ Your application.

- ☑ This is a binding legal agreement.
- ☑ You cannot change the scope or objectives of the project you described in your application.

## ⌘ The program's authorizing statute.


## ⌘ The appropriations statute.

- ☑ Example: 1,000 or more students eligibility criterion for SLC is from the appropriations statute.

## ⌘ Program regulations

- ☑ The *Federal Register* notice for the grant competition.

*Where do all of these rules come from, anyway? (cont'd)*



⌘ Education Department General  
Administrative Regulations (EDGAR)

[www.ed.gov/policy/fund/reg/edgarReg/edgar.html](http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html)

⌘ OMB Circular A-87

☐ Cost Principles for State, Local, and Indian  
Tribal Governments

[www.whitehouse.gov/omb/circulars/](http://www.whitehouse.gov/omb/circulars/)

# *Obligating funds*



- ⌘ You may use grant funds only for obligations you make during the grant period, except that...
  - ☐ You may obligate funds for project-related activities that occurred 90 days prior to the award date ("pre-award costs").
- ⌘ The end date on your grant award is the last day you may obligate funds.

## *When are funds obligated?*



Acquisition of property	Date of binding written agreement
Personal services by your employee	When services are performed
Personal services or other work by contractor	Date of binding written commitment
Travel	When travel is taken

## *Liquidation (drawing down funds)*



- ⌘ You have up to **90 days** after the end of your grant period to liquidate obligations (draw down funds).
  - ☒ You may only draw down funds to liquidate obligations made **during** the project period.
- ⌘ Draw down only funds necessary to meet your immediate cash needs.
  - ☒ Minimize time between drawdown and pay out.
- ⌘ Must return interest earned on grant funds deposited in interest-bearing bank accounts, except that:
  - ☒ Local governments can retain \$100 in interest annually.



## *Liquidation (cont'd)*



⌘ We regularly monitor drawdown activity.

☒ Automatic alert triggered by excessive drawdowns.

- 1<sup>st</sup> quarter: >50 percent
- 2<sup>nd</sup> quarter: >80 percent
- 3<sup>rd</sup> quarter: 100 percent

⌘ Prolonged delays in drawing down funds also are a problem.

☒ A large available balance and/or infrequent drawdowns suggest to us that there may be management problems with the grant.

*“But our budget office handles all of that...”*



- ⌘ Yes, but your name is on the grant award...and you're the one we will call.
- ⌘ Maintain a project ledger to track obligations and expenses.
- ⌘ Check in with your budget office regularly to be sure funds are being drawn down.

## *Carrying over funds*



- ⌘ Unused grant funds **automatically** carry over from year to year within a budget period (e.g., from Year 1 to Year 2).
- ⌘ Funds also carry over from one budget period to the next (e.g., Year 3 to Year 4).
- ⌘ You do not need a letter or approval from us to carry over funds, but...

## *Carrying over funds (cont'd)*



- ⌘ We will ask you to explain in the **annual performance report** why you have carryover funds and how you plan to expend them.
- ⌘ We may reduce your continuation award if you have excessive carryover funds.
  - ☐ We will discuss continuation awards later this afternoon.

# *Allowable costs*



- ⌘ Is it permitted under the authorizing and appropriations statutes and ED regulations?
- ⌘ Is it “necessary” for the “proper and efficient” implementation and administration of grant?
- ⌘ Is the cost “reasonable?”
  - ☒ Generally recognized as an “ordinary and necessary” expense?
  - ☒ Consistent with market prices?
  - ☒ Equal to or less than what a “prudent person” would incur under the circumstances?
  - ☒ Consistent with organization’s established practices?

## *Allowable costs (cont'd)*



⌘ Is the cost allocable to your grant award?

☐ Directly related to a specific objective under the grant?

⌘ Is the cost allocated in accordance with relative benefits received by your project? Is the charge proportionate to the benefits?

☐ Example: if you purchase a printer for the project director, but it will be used for SLC grant activities only 10 percent of the time, you may only charge the grant for 10 percent of the costs.

## *Allowable costs (cont'd)*



- ⌘ Is it authorized—or at least not prohibited—by state or local laws and regulations?
- ⌘ Was it determined in accordance with generally accepted accounting principles?
- ⌘ Is it included as a cost or used to meet cost sharing or matching requirements of any other Federal award?
  - ☐ If the answer is yes, it is **not** allowable.
- ⌘ Is it adequately documented?

# *Allowable costs: entertainment*



## ⌘ Entertainment.

- ☐ "Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable."

## ⌘ Examples:

- ☐ A student field trip for recreational or entertainment purposes is **not** allowable.
- ☐ A student field trip for educational purposes is allowable.



# *Allowable costs: meetings*



## ⌘ Meetings and conferences.

☐ "Costs of meetings and conferences, the primary purpose of which is **the dissemination of technical information**, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences."

## ⌘ Examples:

- ☐ A professional development workshop for teachers is allowable.
- ☐ An outreach meeting to educate parents about AP course offerings is allowable.
- ☐ An awards banquet is **not** allowable.

# *Budget transfers*



- ⌘ You can transfer funds within your budget (e.g., personnel to supplies) without our approval unless...
- ⌘ The transfer changes the scope of your project or its objectives.
  - ☐ Example: A project that included a reading program for 9th graders wants to use the funds instead for internships for seniors.
  - ☐ Example: A project wants to serve different, more, or fewer schools than indicated in its application.

## *Budget transfers (cont'd)*



⌘ You also need our prior approval if you intend to use the funds for certain costs, such as:

- ☐ "Foreign" travel (outside of North America and U.S. territories).
- ☐ "Equipment" purchases.
  - Equipment = unit cost equal or greater to \$5,000 or the capitalization level established by your organization for financial statement purposes, whichever is lower.
- ☐ Improvements to land, buildings, or equipment "which materially increase their value or useful life."
- ☐ Memberships in "civic and community, social organizations."

## *Budget transfers (cont'd)*



⌘ You also need our prior approval for:

☒ **Travel costs** for a governor, the chief executive of a political subdivision (e.g., a mayor), the chief executives of Federally-recognized Indian tribal governments, and members of state legislatures, tribal councils, county supervisors, city councils, school boards, and the judiciary branch.

☒ Cumulative **transfers among budget categories** that exceed 10 percent of the total grant award amount (**2008 grantees only**)

- Example: If grant for Years 1-3 is \$1 million, you must obtain approval if *cumulative* transfers exceed \$100,000.

## *Budget transfers (cont'd)*



- ⌘ Please consult with us and keep us informed about budget transfers.
- ⌘ Don't be afraid to ask if you're unsure whether a cost is allowable.
- ⌘ Send us updated budgets if you transfer funds so that we can keep your file updated.

## *Changing the project director*



- ⌘ You must obtain our approval if you change the project director.
- ⌘ To designate a new project director, you must provide us with:
  - ☑ A letter signed by your superintendent;
  - ☑ The individual's resume; and
  - ☑ The percentage of time they will spend working on the grant.
- ⌘ As a courtesy, please inform your program officer before you leave your position.

# *Requesting changes*



- ⌘ Communicate directly with your program officer.
  - ☐ Except for personnel changes, most changes can be addressed through email.
- ⌘ The request must come from the project director.
- ⌘ Do **not** request changes in your annual performance report.

# *Recordkeeping*



⌘ Create and maintain a grant file. Be sure to include:

- ☑ Your approved grant application.
- ☑ Most recently-approved budget.
- ☑ Any grant-related memoranda, letters or other official correspondence you receive from us or that you generate.
- ☑ Performance reports you have submitted.
- ☑ Documentation of how funds were expended (inventory of equipment, meeting agendas, cost-sharing, etc.).
- ☑ Time and effort records.

⌘ ...And, if you leave, give your grant file to your successor!



# *Recordkeeping: salaries*



⌘ If you use grant funds for salaries, you must keep “time and effort records.”

☐ Documentation is for your records only. Do not send this to your program officer.

☐ Type of documentation depends on how many “cost objectives” the employee works on.

⌘ If 100 percent of salary is paid with grant funds:

☐ Certification signed by employee and supervisor every 6 months.

☐ “I hereby certify that, for the period January 1, 2008 through June 30, 2008, one hundred percent of my time and effort was spent on the Smaller Learning Communities grant.”

# *Recordkeeping: salaries*



- ⌘ If only part of the salary is paid with grant funds (work on multiple “cost objectives”), must collect and maintain a “Personnel Activity Report (PAR).”
  - ☑ Documents time spent on grant activities **after work has been performed**. Estimates cannot be used.
  - ☑ Accounts for all hours, including hours spent on non-grant activities.
  - ☑ Signed by employee.
  - ☑ Prepared at least monthly and coincides with one or more pay periods.

## *Recordkeeping: PAR example*

Day	Leave	SLC Grant	District	Daily Total
Monday	.5	4.5	3	8
Tuesday	0	1	7	8

# *Recordkeeping: how long?*



⌘ You must retain records for each budget period for 3 years after the date you submit your performance report for that period.

☐ Example: If you submit your performance report on November 16, 2008, you must retain records related to that performance period until November 16, 2011.

⌘ Except that..

☐ If any litigation, claim, negotiation, audit or other action involving the records has been initiated, you must retain the records until the action has been completed and all issues have been resolved.

# *Contracting with SLC Grant Funds*




⌘ In hiring consultants or contractors with SLC grant funds, follow your district's regular procurement policies and procedures (and State and local laws and regulations).

**BUT...**

⌘ Also must conform to procurement standards and requirements established by ED regulations.

☐ See 34 CFR 80.36 (EDGAR)

# *Contracting with SLC Grant Funds (cont'd)*



- ⌘ By approving your application, we have **NOT** approved specific consultants or contractors that may have been named in your application.
- ⌘ Generally, contracts must be awarded through full and open competition.
  - ☑ See 34 CFR 80.36 for more information.
- ⌘ Review ED procurement standards and requirements with your district's contracting officials.

*Questions?*

